

TEHRAN AMERICAN SCHOOL

NOVEMBER 7 (legislative day, NOVEMBER 4), 1985.—Ordered to be printed

Mr. THURMOND, from the Committee on the Judiciary,
submitted the following

REPORT

[To accompany S. 173]

The Committee on the Judiciary, to which was referred the bill (S. 173), a bill to settle and adjust the claim of the Tehran American School for \$13,333.94, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE

The purpose of the bill is to pay the claimant, the Tehran American School, the sum of \$13,333.94 in full settlement and satisfaction of claimant's claim for the proceeds of the sale of three of the school's motor vehicles.

HISTORY

As a result of rising political tension in Iran in 1979, the Tehran American School, in anticipation of closing, arranged for the United States Embassy to sell three of its motor vehicles. The proceeds from the sales, \$13,333.94, were placed in the Embassy cashier's safe with other receipts normally kept in the safe. As a result of the Embassy seizure, however, the safe was lost and payment never made, even though it had been the intent of the Embassy to issue a Treasury check for \$13,333.94 drawn on the funds deposited in its local Tehran bank.

On June 15, 1982, the Acting Comptroller General of the United States concluded that the Department of State could not pay the claim of the Tehran American School because the Embassy had not been negligent in its handling of the School's money and was,

therefore, neither legally liable nor obligated to pay the claim. The Acting Comptroller also concluded that the equities of the claim warranted reporting it to the Congress with a favorable recommendation pursuant to the terms of the Meritorious Claims Act of April 10, 1928, 31 U.S.C. § 236.

In the 98th Congress, Senator Robert Stafford (R-Vt.), along with Senator Patrick Leahy (D-Vt.), introduced S. 2964, the predecessor of S. 173. The bill was referred to the Committee on the Judiciary on September 5, 1984. On September 10, 1984, the bill was referred to the Subcommittee on Administrative Practice and Procedure where it received no further action.

In the 99th Congress, the claim was reintroduced by Senators Stafford and Leahy as S. 173. The measure was referred to the Subcommittee on Administrative Practice and Procedure on April 11, 1985, for consideration.

On October 1, 1985, the Subcommittee voted by poll 4 to 0, with one abstention, to report the bill, without amendment, favorably to the full Committee on the Judiciary.

STATEMENT

The Committee on the Judiciary, having received S. 173 from the Subcommittee on Administrative Practice and Procedure with a favorable recommendation, concurs with the recommendation of the Comptroller General of the United States, as reported to Congress in its special report, B-205984, dated June 15, 1982. The Committee also adopts the findings of the Subcommittee that the claim is meritorious and that the circumstances of the claimant's case are unique. The Committee understands that nothing has come to the attention of the General Accounting Office that would affect the original recommendation of the Acting Comptroller General and that as of the date of this report, the status of the claim remains unchanged. While Committee reports on private bills need not contain the requirements of those accompanying bills of a public character (see Rule XXVI, Standing Rules of the Senate), the Committee estimates that this legislation will have no significant cost or regulating impact.

VOTE OF THE COMMITTEE

The Committee met in Executive Session on October 24, 1985, with a quorum present and without objection heard, voted to report the bill favorably, without amendment by voice vote.

U.S. GENERAL ACCOUNTING OFFICE,
Washington, DC, October 9, 1985.

HON. CHARLES E. GRASSLEY,
Chairman, Subcommittee on Administrative Practice and Procedure, Committee on the Judiciary, U.S. Senate, Washington DC.

DEAR MR. CHAIRMAN: We understand that your subcommittee is considering legislation for the relief of the Tehran American School. We had originally recommended this legislation in a report dated June 15, 1982, B-205984, submitted under the Meritorious Claims Act, 31 U.S.C. § 3702(d). We have reviewed our file on the

matter, and nothing has come to our attention since our 1982 report which would affect our recommendation.

The legislation we proposed would require the General Accounting Office to issue a "settlement certificate" to the Treasury Department before the School could actually be paid. If your subcommittee decides to report favorably on the legislation, you may wish to include in your report an instruction to GAO to verify the unchanged status of the matter prior to issuing our settlement.

Please feel free to contact us if we can be of any further assistance.

Sincerely yours,

(Mrs.) ROLLEE H. EFROS,
Associate General Counsel.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, DC, June 15, 1982.

To the Congress of the United States:

The Meritorious Claims Act of April 10, 1928, 45 Stat. 413, 31 U.S.C. § 236 (1976), provides that:

"When there is filed in the General Accounting Office a claim or demand against the United States that may not lawfully be adjusted by the use of an appropriation theretofore made, but which claim or demand in the judgment of the Comptroller General of the United States contains such elements of legal liability or equity as to be deserving of the consideration of the Congress, he shall submit the same to the Congress by a special report containing the material facts and his recommendation thereon."

In accordance with that Act, we make the following report and recommendation on the claim of the Tehran American School for \$13,333.94.

The facts in this case show that as a result of the political tensions in Iran in 1979, in anticipation of closing, the Tehran American School arranged that the United States Embassy in Tehran sell three of the School's motor vehicles. The State Department informed us that United States Embassies provide this kind of assistance to American institutions operating in foreign countries. Although State indicated that occasionally the proceeds from these sales are given directly to the seller, since the School had closed, the monies were placed in the Embassy cashier safe with other receipts normally kept in the safe. The other receipts regularly were deposited in an account at the Tehran bank used by the Embassy.¹

For payment, the Embassy intended to have the United States disbursing office in Paris issue a \$13,333.94 Treasury check drawn on funds deposited in the Tehran bank used by the Embassy. (\$18,194.74 from the sale minus amounts owed by the School to the Embassy for outstanding telephone bills and other payables.) As a result of the Embassy seizure, however, the safe was lost and never recovered and the Paris disbursing office was not notified to make the payment.

In its submission to us the State Department stated that the sale of the motor vehicles was made in accordance with Department

¹ A State Department official informed us that to the best of his knowledge the receipts held in the Embassy safe were deposited weekly.

regulations, the funds were properly maintained in the safe, and the loss was not due to negligence. The Department also concluded that the United States was responsible for the funds and that payment to the School was warranted.²

We agreed with the State Department's characterization of the relationship between the school and the Embassy as that of principal and agent. As such, we concluded that there was nothing in the record to suggest that the Embassy breached its duty as agent to exercise reasonable care to protect the School's monies. The funds in the safe were lost as a result of the seizure of the American Embassy—an uncontrollable event.

We also found that the Embassy's commingling of the proceeds from the sale of the School's vehicle with other receipts in the safe was in the normal course of business and impliedly was undertaken with the School's consent. The proceeds from the sale of the vehicles could not have been paid directly by the buyer to the School since the School had closed. The Embassy took the cash proceeds intending to draw a Treasury check against the funds deposited in the Tehran bank used by the Embassy. But for the seizure of the Embassy, the funds in the Embassy safe, including the receipts from the sale, would have been deposited in that bank. There is nothing in the record to indicate that the School objected to the Embassy following its regular procedures for payment. Since the commingling of the proceeds of the sale with other monies in the Embassy safe was proper, we determined that the risk of loss was shifted to the School. Thus, the Embassy was not liable to the School for the \$13,333.94.

The Meritorious Claims Act is an extraordinary remedy whose use is limited to extraordinary circumstances. The cases we have reported for the consideration of the Congress generally have involved equitable circumstances of an unusual nature, and which are unlikely to constitute a recurring problem, since to report to the Congress a particular case when similar equities exist or are likely to arise with respect to other claimants would constitute preferential treatment over others in similar circumstances. 53 Comp. Gen. 157, 158 (1973)

We think the seizure and occupation of the United States Embassy and resulting loss of the proceeds from the sale of the School's vehicles, was an extraordinary circumstance calling for equitable consideration. Although other individuals and institutions were damaged by the hostilities in Iran, the State Department has informed us that it is not aware of any similar claims in which the Government had the direct responsibility for safeguarding the private party's funds.

If the Congress agrees with our recommendation, it is suggested that enactment of a statute in substantially the following form will accomplish the desired result:

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that the Comptroller General of the United States be, and he hereby is, author-

² The Department determined that the Hostage Agreements between the United States and Iran precluded the United States from submitting the claim either to the Iranian Government or the Iran-United States Claims Tribunal.

ized and directed to settle and adjust the claim of the Tehran American School for \$13,333.94 which amount constitutes proceeds from the sale of three motor vehicles arranged by the United States Embassy in Tehran, Iran in 1979. There is hereby appropriated from any money in the Treasury not otherwise appropriated such amount as may be necessary for the payment of the claim.

MILTON J. SOCOLAR,
Acting Comptroller General of the United States.

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CONFEDERATE MEMORIAL ASSOCIATION FEDERAL
CHARTER

NOVEMBER 12, 1985.—Ordered to be printed

Mr. THURMOND, from the Committee on the Judiciary,
submitted the following

REPORT

[To accompany S. 1660]

The Committee on the Judiciary, to which was referred the bill (S. 1660), to grant a Federal charter to the Confederate Memorial Association, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE

The bill, S. 1660, would grant a Federal charter to the organization known as the Confederate Memorial Association.

HISTORY

On September 18, 1985, Senator Jeremiah Denton (R-Ala.) introduced S. 1660. Senator Denton was joined by seventeen original co-sponsors, including five members of the Judiciary Committee: Senator Strom Thurmond (R-S.C.), Senator Dennis DeConcini (D-Ariz.), Senator John P. East (R-N.C.), Senator Howell Heflin (D-Ala.), and Senator Paul Laxalt (R-Nev.).

S. 1660 was held at the full Committee and was ordered reported on October 24, 1985.

STATEMENT

* The Confederate Memorial Association was incorporated in the District of Columbia on May 28, 1907. The membership of the organization is comprised of not only organizational members, such as various chapters of the United Daughters of the Confederacy, camps of the Sons of Confederate Veterans, chapters of the Chil-

dren of the Confederacy, and Order of the Sword of Lee, but also individual members. Having a common interest in preserving Southern history and culture, the members live in all fifty States and three foreign countries.

The Confederate Memorial Association is operated for educational, patriotic, and charitable purposes. As part of its declaration of purpose, the CMA has included in its articles of incorporation, in pertinent part, the following:

"(3) preserve and maintain the Confederate Memorial Hall as a public historical library and a museum gallery of historical relics and memorabilia commemorating southern history and culture;

"(4) encourage the preservation of historic sites and the construction and preservation of buildings, halls and monuments commemorating southern culture and history;

"(5) preserve and promote the education of the history of the War and of southern culture and history generally;

"(6) participate, in a spirit of cooperation and reciprocity, in programs with other societies devoted to American history, veterans' affairs, or community interests."

(S. 1660, 99th Congress, 1st Session (1985), sec. 3.)

In keeping with its stated purposes, the Association has encouraged a renewed interest in Southern history and has begun a campaign to renovate the historical Confederate Memorial Hall in Washington, D.C., the only memorial to the Confederacy in Washington and the centerpiece of the Association's public purpose.

Organized as a nonprofit organization, the CMA is supported by membership dues, contributions from sustaining members and affiliated societies, fund-raising programs, and revenue from the use of the Confederate Memorial Hall. These funds are expended for the maintenance of the Memorial Hall and for donations to Walter Reed Hospital, the Salvation Army, and the American National Red Cross. The organization maintains a tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

National in scope due to the broad base of its membership, the Confederate Memorial Association would be on an equal footing with the other "War Between the States" era organizations which already have Federal charters upon the receipt of a charter.

The purpose of this legislation is merely to recognize an existing organization chartered by the District of Columbia. It does not expand any corporate rights or relieve any corporate responsibilities established by the D.C. charter. Moreover, this legislation specifically requires compliance with the laws of the District of Columbia, or of the States in which it is registered, governing the election of corporate officers and the responsibilities of the board of directors for the corporation. It also specifically requires compliance with existing D.C. and State laws governing service of process.

In order to ensure responsible and appropriate conduct on the part of the corporation, the legislation prohibits certain corporate acts and establishes certain requirements for the corporation. The legislation prohibits the loan or transfer of corporate income or assets to officers, members, or other persons (except for compensation or expenses) or the issuance of stock or the payment of divi-

dends. The legislation further prohibits the corporation from claiming congressional approval or Federal Government authority for any of its activities, lobbying, or other political activity by the corporation. The legislation requires the corporation to keep certain records, to perform an annual audit, and to report to Congress annually. Should the corporation engage in any prohibited activity or fail to perform any of the requirements established by this legislation, or if the corporation fails to maintain its tax-exempt status, the Federal charter granted by this legislation will expire automatically as a matter of law.

In recognition of the merits of the organization, there is broad bipartisan support in the Senate for a Federal charter for the Confederate Memorial Association. S. 1660 currently has 40 cosponsors.

COMMITTEE VOTE

On October 24, 1985, with a quorum present, by voice vote, and without objection heard, the Committee on the Judiciary ordered the bill favorably reported.

COST ESTIMATE

In compliance with paragraph 11(a), rule XXVI of the Standing Rules of the Senate, the Committee estimates that enactment of this legislation will involve no direct additional expenditure to the Government. The Committee notes the following letter from the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, November 5, 1985.

Hon. STROM THURMOND,
Chairman, Committee on the Judiciary,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed S. 1660, a bill to grant a federal charter to the Confederate Memorial Association, as ordered reported by the Senate Committee on the Judiciary, October 24, 1985. CBO estimates that no costs to federal, state, or local governments will result from the enactment of this bill.

The Confederate Memorial Association is a corporation organized under the laws of the District of Columbia. S. 1660 grants the organization a federal charter and recognizes it as a tax-exempt corporation established under federal law. The bill places restrictions on some activities the corporation may undertake, provides for the annual auditing of its accounts by independent certified public accountants, and requires that an annual report of the corporation's activities be submitted to the Congress.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,
Sincerely,

RUDOLPH G. PENNER, *Director.*

REGULATORY IMPACT

In compliance with paragraph 11(b), rule XXVI of the Standing Rules of the Senate, the Committee has concluded that this legislation does not create any new regulations with which the public must comply.

CHANGES IN EXISTING LAW

In compliance with paragraph 12, rule XXVI of the Standing Rules of the Senate, changes in existing law made by S. 1660, as reported, are shown as follows (new matter is printed in italic and existing law in which no change is proposed is shown in roman).

UNITED STATES CODE

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TITLE 36—PATRIOTIC SOCIETIES AND OBSERVANCES

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CHAPTER 42—AUDITS OF FEDERALLY CHARTERED CORPORATIONS

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§ 1101. Definition of private corporations established under Federal law.

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(71) *The Confederate Memorial Association.*

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DAUGHTERS OF UNION VETERANS OF THE CIVIL WAR
1861-1865

NOVEMBER 12, 1985.—Ordered to be printed

Mr. THURMOND, from the Committee on the Judiciary,
submitted the following

REPORT

[To accompany H.R. 1806]

The Committee on the Judiciary, to which was referred the bill (H.R. 1806) to recognize the organization known as the Daughters of Union Veterans of the Civil War 1861-1865, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE

The bill, H.R. 1806, would grant a Federal charter to the organization known as the Daughters of Union Veterans of the Civil War 1861-1865.

HISTORY

Bills to grant a Federal charter to the Daughters of Union Veterans of the Civil War 1861-1865 have been introduced thirteen times since the 87th Congress (1961). The legislation was introduced in the 87th Congress as H.R. 1738 by Representative Frank T. Bow (R-Ohio) and S. 2960 by the Senator Homer E. Capehart (R-Ind.); in the 89th Congress as S. 1774 by Senator Birch E. Bayh (D-Ind.); in the 90th Congress as H.R. 10585 by Representative Bow; in the 91st Congress as H.R. 11975 by Representative Bow and as H.R. 16528 by Representative George E. Brown, Jr., (D-Calif.); in the 94th Congress as H.R. 6287 by Representative Thomas F. Railsback (R-Ill.); in the 95th Congress as H.R. 6444 by Representative Charles Thone (R-Neb.); in the 96th Congress as H.R. 7946 by Representative Paul Findley (R-Ill.); in the 97th Con-

gress as H.R. 750 by Representative Findley; in the 98th Congress as H.R. 3406 by Representative Michael G. Oxley (R-Ohio); in the 99th Congress as H.R. 1806 by Representative Thomas N. Kindness (R-Ohio) and as S. 987 by Senator J. James Exon (D-Neb.).

In the foregoing 24-year time period, only two of the measures have received consideration by either the House or the Senate. H.R. 3406 passed the House on October 4, 1984,¹ but was not received by the Senate in time for action by that body before the adjournment of the 98th Congress.

In the 99th Congress, on April 3, 1985, the Subcommittee on Administration Law and Governmental Relations of the House Committee on the Judiciary approved H.R. 1806 for full Judiciary Committee action. The House Committee on the Judiciary approved the measure on April 30, 1985, by voice vote² and reported the same on May 8. H.R. 1806 passed the House by voice vote on May 13³ and on May 14 was received in the Senate and referred to the Committee on the Judiciary.⁴

STATEMENT

The National Alliance for Daughters of Veterans was incorporated in Massillon, Ohio, on December 12, 1885. The corporation changed its name to the Daughters of Union Veterans of the Civil War 1861-1865 in 1944. Membership in the organization is open to women descendants, who have attained the age of eight years, of Union soldiers, sailors, and marines who were honorably discharged, killed, or missing in action during the War Between the States. Currently, the organization has chapters in 22 States and the District of Columbia, with a total National membership of approximately 20,000.⁵

One of the oldest patriotic societies in the country, the Daughters of Union Veterans is operated for educational, patriotic, and charitable purposes, especially to promote our Nation's history and to perpetuate the memory of the soldiers who fought to preserve the Union. As part of its declaration of purpose, the DUV has included in its articles of incorporation, in pertinent part, the following:

"(1) Encouraging the preservation of historic sites and the construction and preservation of monuments commemorating any aspect of the Civil War . . .

"(4) Promulgating and teaching American history, particularly the history of the Civil War period, through the establishment of scholarship programs at the National and State levels, the presentation of American flags to youth groups and newly naturalized citizens, and the sponsorship of contests of educational merit."⁶

In addition, the DUV maintains a museum and a library of Civil War History in Springfield, Illinois. Open to the public free of charge, these buildings contain Civil War documents—the official

¹ 130 Cong. Rec. H11466-H11467 (daily ed. October 4, 1984).

² H.R. Rep. No. 70, 99th Cong., 1st Sess. 3 (1985).

³ 131 Cong. Rec. H3128-H3129 (daily ed. May 13, 1985).

⁴ 131 Cong. Rec. S6071 (daily ed. May 14, 1985).

⁵ 131 Cong. Rec. H3129 (daily ed. May 13, 1985) (statement of Rep. Sam B. Hall, Jr.).

⁶ H.R. 1806, 99th Congress, 1st Session (1985), sec. 3.

volumes of the War of Rebellion Records, Civil War genealogical files, military and biographical records, accounts of individual service of Union soldiers, sailors, and marines, diaries, and letters—artifacts, and cultural relics.

Cooperating with all veterans' organizations in common projects to serve the interests of veterans, the Daughters of Union Veterans care for veterans of all wars through volunteer programs in Veterans' Administration medical centers, in homes, and in other institutions maintained by the various States for the welfare of American veterans.

Organized as a nonprofit corporation, the DUV is supported by membership dues and expends its funds for scholarships at each of the service academies, Gallaudet College in Washington, D.C., and various memorial funds, including the Southern Memorial Fund, as well as for the maintenance of its museum and library. The articles of incorporation of the DUV provide for a perpetual Grand Army of the Republic Scholarship Fund which awards scholarships of \$2,500 for various colleges in Tennessee, Ohio, Nebraska, Kansas, and Pennsylvania, and a permanent trust fund for the preservation of memorials was established by the by-laws of the corporation.⁷ The organization maintains a tax-exempt status under Section 501(c) (3) of the Internal Revenue Code.

National in scope due to the nature and broad base of its membership, the Daughters of Union Veterans of the Civil War 1861-1865 would receive special National recognition for its efforts in keeping history alive on its 100th anniversary upon receipt of a Federal charter this year.

The purpose of this legislation is merely to recognize an existing organization chartered by the State of Ohio. It does not expand any corporate rights or relieve any corporate responsibilities established by the Ohio charter. Moreover, this legislation specifically requires compliance with the laws of the State or the laws of the District of Columbia governing the election of corporate officers and the responsibilities of the board of directors for the corporation. It also specifically requires compliance with existing State and D.C. laws governing service of process.

In order to ensure responsible and appropriate conduct on the part of the corporation, the legislation prohibits certain corporate acts and establishes certain requirements for the corporation. The legislation prohibits the loan or transfer of corporate income or assets to officers; members, or other persons (except for compensation or expenses) or the issuance of stock or the payment of dividends. The legislation further prohibits the corporation from claiming congressional approval or Federal Government authority for any of its activities, lobbying, or other political activity by the corporation. The legislation requires the corporation to keep certain records, to perform an annual audit, and to report to Congress annually. Should the corporation engage in any prohibited activity or fail to perform any of the requirements established by this legislation, or if the corporation fails to maintain its tax-exempt status,

⁷ Daughters of the Union Veterans of the Civil War 1861-65: Hearing on H.R. 3406 Before the Subcomm. on Administrative Law and Governmental Relations of the House Comm. on the Judiciary, 98th Cong. 2nd Sess. 9 (1984) (statement of Rep. Michael G. Oxley).

the Federal charter granted by this legislation will expire automatically as a matter of law.

In recognition of the merits of the organization, there is broad bipartisan support in the Senate for a Federal charter for the Daughters of Union Veterans of the Civil War 1861-1865. The Senate companion measure to H.R. 1806, S. 987, currently has 48 cosponsors.

COMMITTEE VOTE

On September 19, 1985, with a quorum present, by voice vote, and without objection heard, the Committee on the Judiciary ordered the bill favorably reported.

COST ESTIMATE

In compliance with paragraph 11(a), rule XXVI of the Standing Rules of the Senate, the Committee estimates that enactment of this legislation will involve no direct additional expenditure to the Government. The Committee notes the following letter from the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 23, 1985.

HON. STROM THURMOND,
Chairman, Committee on the Judiciary,
U.S. Senate, 224 Dirksen Senate Office Building, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed H.R. 1806, a bill to recognize the organization known as the Daughters of Union Veterans of the Civil War 1861-1865, as ordered reported by the Senate Committee on the Judiciary, September 19, 1985. CBO estimates that no costs to federal, state, or local governments will result from the enactment of this bill.

The Daughters of Union Veterans of the Civil War 1861-1865 is a nonprofit corporation organized under the laws of the State of Ohio. H.R. 1806 officially grants the organization a federal charter and recognizes the organization as a nonprofit corporation established under federal law. The bill places restrictions on some activities the corporation may undertake, provides for the annual auditing of the corporation accounts by independent certified public accountants, and requires that an annual report of the corporation's activities be submitted to the Congress.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,
Sincerely,

JAMES BLUM
(For Rudolph G. Penner, Director).

REGULATORY IMPACT

In compliance with paragraph 11(b), rule XXVI of the Standing Rules of the Senate, the Committee has concluded that this legislation does not create any new regulations with which the public must comply.

CHANGES IN EXISTING LAW

In compliance with paragraph 12, rule XXVI of the Standing Rules of the Senate, changes in existing law made by H.R. 1806, as reported, are shown as follows (new matter is printed in italic and existing law in which no change is proposed is shown in roman).

UNITED STATES CODE

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TITLE 36—PATRIOTIC SOCIETIES AND
OBSERVANCES

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CHAPTER 42—AUDITS OF FEDERALLY
CHARTERED CORPORATIONS

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§ 1101. Definition of private corporations established under Federal law.

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(70) *Daughters of Union Veterans of the Civil War 1861-1865.*

